



2025

RETAIL

INDUSTRY

TRENDS

Moving into 2025, [the retail industry](#) continues to undergo rapid transformation, primarily driven by evolving customer demands, innovations to technology, and shifting dynamics in the market. With the lingering effects of the COVID pandemic reshaping shopping habits to this day, consumers continue to seek out retailers that offer value, convenience, and personalized, channel-less experiences.

Four major trends that reflect shopper expectations are defining the retail landscape in 2025. From the [surging popularity of AI technology](#) to the increasing influence of value-conscious consumers, it's clear that innovation and adaptability are key to maintaining a competitive edge. We are also seeing a resurgence in brick-and-mortar shopping, but with a deeper focus on ensuring a [consistent experience across all channels](#). At the same time, embedded finance solutions are reshaping the traditional shopping experience by offering even more flexibility and convenience for consumers. As these trends continue to emerge, retailers will need to remain agile and responsive, adjusting strategies and offerings in real-time to meet the evolving needs of today's shoppers.

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RETURNING TO BRICK-AND-MORTAR WHILE MAINTAINING THE CHANNEL-LESS EXPERIENCE

The pandemic dramatically reshaped the retail industry, catalyzing eCommerce adoption out of necessity. Now that consumers are no longer restricted to online-only shopping, many are choosing to return to brick-and-mortar. While online shopping offers undeniable convenience and ease, the tangible benefits of physical retail continue to draw shoppers back in. With [45% of shoppers](#) still primarily shopping in store and [53% intending to shop more in store](#) over the next year, it's clear that the brick-and-mortar experience remains highly valued among consumers today.

This renewed appeal stems from the unique advantages that a brick-and-mortar store offers. Over [50% of shoppers](#) value the in-store experience for the ability to easily compare products, and 46% are drawn to the convenience and immediacy of purchase. Also, [many consumers today](#) express a desire for integrated digital and physical retail channels, and technology is playing a pivotal role in enhancing the channel-less experience in 2025. AI-powered innovations such as cashier-less checkouts and smart shelves are [redefining what customers expect from their brick-and-mortar store](#). At the same time, eCommerce platforms can [integrate AI](#) to offer hyper-personalized experiences, recommendations, and promotions.

As the lines between eCommerce and physical retail continue to blur, retailers must remain versatile and deliver a cohesive experience regardless of where their customers choose to shop. By investing in both digital and in-store experiences, brands can offer the flexibility and ease modern shoppers seek. Whether through personalized online recommendations or the satisfaction of in-store browsing, the retailers that thrive in 2025 will be those that [provide value at every touchpoint, creating seamless purchase journeys](#) that satisfy both digital natives and traditional shoppers alike.



**53% of shoppers
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- SOURCE



2 MEETING THE EXPECTATIONS OF VALUE-CONSCIOUS CUSTOMERS

Inflation continues to impact consumer purchasing decisions, and the effects will linger well into 2025. As cost of goods rises, customers won't accept an increase in price without a corresponding increase in quality. Shoppers today are aware of retailers cutting back on expenses with smaller packages or reduced product quality, so they are increasingly skeptical about where they choose to spend. As inflation continues to reshape purchasing behavior, value and quality are the new deal-breakers, and retailers must be ready to meet these evolving expectations.

The purchasing power of younger generations has heavily impacted the demand for value-focused products. Millennial and Gen Z consumers are highly selective, only purchasing products they feel is worth their investment. Further, these consumer groups frequently surround themselves with influencers to guide their paths to purchase. Their decision to purchase or not can be easily swayed— over 80% of Gen Z shoppers are inclined to purchase after reading positive reviews, nearly 75% are likely to purchase products recommended by a friend, and almost 60% are motivated by endorsements from influencers. To attract and retain these value-conscious shoppers, retailers must meet their expectations for quality and ensure they clearly communicate that relationship between price and product value.

Discount and private label retailers are also regaining popularity as a result of today's value-conscious customer. With competitive prices, typically 10-20% cheaper than traditional retailers, discounters capitalize on the growing demand for a price tag that truly reflects the value of the product. In fact, almost 70% of U.S consumers are more likely to buy from a private label now because they offer quality for a fair price.

In this evolving retail landscape, brands that fail to prioritize value risk losing customer loyalty. Retailers must be adaptable, willing to realign their offers with these expectations for price and quality to ensure they remain competitive in today's value-conscious market.

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- SOURCE

3 HARNESSING AI AND REAL-TIME DATA FOR RETAIL DIFFERENTIATION

Over the past year, we've seen AI capabilities grow significantly. Traditionally used to [streamline simple operations](#) or execute mundane tasks, AI is now being leveraged to help set retailers apart from their competitors. At the same time, [data management platforms](#) can be used to inform decision-making and resolve issues in real time. Together, these technologies promise to reshape the way retailers operate, innovate, and differentiate themselves in 2025.

The rapid evolution of AI has motivated retailers to revisit their AI strategies. Most retailers have already integrated some form of AI in their strategy and [seen great success](#), but as adoption becomes more widespread, these standalone tools will start to lose their value. The differentiator now lies in how creatively and strategically retailers apply these technologies. Whether it's [discovering new market opportunities](#), simulating success rates of new innovations, or crafting hyper-personalized experiences, retailers who move beyond basic functionality and [embrace AI as a key differentiator](#) will lead the pack in 2025.

The use of real-time data complements the AI evolution by guiding decision-making and enabling retailers to instantly respond to changes or risks. Dynamic pricing models, for example, gather real-time insights to adjust pricing based on external factors like demand spikes or competitive changes. Amazon's intelligent use of dynamic pricing, for instance, has [boosted their profit by over 25% year to year](#). Predictive analytics can also monitor [inventory allocation throughout the supply chain](#), ensuring the necessary resources are available when and where they're needed most. The advancements made to data analysis technology will allow retailers to not only exceed expectations for faster, personalized service, in turn boosting customer satisfaction and loyalty, but also ensure they retain a competitive edge in this fast-paced industry.

As AI and data analysis technology continue to improve, retailers should carefully evaluate how and where they can utilize these tools. By combining [all capabilities of AI with real-time data](#), retailers can [optimize their internal operations](#) while delivering tailored, dynamic experiences that set them apart in the competitive market.



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4 INCREASING DEMAND FOR EMBEDDED FINANCE IN RETAIL

As customers today prioritize value, convenience, and a seamless shopping experience, there is increased demand for embedded finance. Embedded finance enables customers to directly manage their purchases within the retailer's platform. This includes integrated, [flexible payment options](#), in-app purchasing, and any banking service that is offered by a non-financial business.

A major driver behind this success is the rise of embedded payments, which saves the customer's payment information within the app for future use. With this, customers no longer have to re-enter card details with every transaction, reducing friction, decreasing cart abandonment rates, and increasing purchase frequency. Additionally, payment options like [Buy Now, Pay Later \(BNPL\)](#) have become especially popular. Almost [30% of Gen Z shoppers](#) stated they would abandon their purchase if BNPL was not made available, highlighting the impact embedded finance has had on retail. As today's shoppers express an expectation for this level of convenience, retailers that offer a variety of payment options will be more likely to attract and retain their market.

Over [half of retailers today](#) offer some form of embedded finance, and many are planning to implement these services moving forward. Research shows that offering these services can drive significant results— a [5-12% increase in conversion rates](#) and a 15- 30% increase in average order value. Embedded finance not only enhances the shopping experience for customers, but it also optimizes the retailer's bottom line.

Looking ahead, embedded finance is set to play a large role in the evolving retail landscape. By 2030, embedded finance will account for [over 15% of both bank revenues and retailer revenues](#). As more retailers embrace these solutions, those who strategically implement these services will stand out for providing the convenience and personalization demanded by most modern shoppers.



LOOKING INTO 2025

As we get settled into 2025, shopper preferences are and will continue to be the driving force behind innovation for this industry, pushing retailers to reimagine the traditional approach and embrace new technologies and strategies. Shoppers now expect full engagement and customer service across all channels, and their purchasing decisions are heavily influenced by the [convenience, accessibility, and personalization](#) that brands offer on these channels. Adaptable retailers in 2025 will focus on putting the customer first and creating seamless, integrated experiences that cater to their diverse needs.

To stay two steps ahead of the game, retailers must be ready to pivot and realign with the ever-changing landscape, continuously monitoring shifts in behavior and leveraging innovative technology and data-driven insights to anticipate consumer wants and needs. Embracing these shifts, and being proactive in responding to them, will be the key to success, ensuring that retailers are capable of satisfying the increasing demands of today's tech-savvy shopper.

Clarkston's [retail experts](#) are here to help guide you through these trends to help elevate and differentiate your retail business. We look forward to discussing how we can help you meet the challenges of 2025 with confidence.

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